

## SENATE BILL No. 67

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5; IC 6-3.6-10-9.

**Synopsis:** Supplemental distributions of local income tax. Requires the budget agency, before May 1, 2016, to make supplemental distributions from a county's adjusted gross income tax trust account, county option income tax trust account, or county economic development income tax trust account equal to: (1) the amount of the balance in the county trust account on December 31, 2014, as determined by the budget agency; minus (2) any supplemental distribution made under current law to the county in January 2016. Provides that the office of management and budget (OMB) shall determine an allocation of the supplemental distribution using the same allocation provision that is used for allocation of certified shares. Provides that the county auditor, before June 1, 2016, shall distribute only to a county, city, or town an amount equal to the allocation amount determined for the county, city, or town by the OMB. Provides that at least 75% of the distributions made to a county, city, or town must be: (1) used exclusively for local road construction, maintenance, or repair, or capital projects for aviation, including capital projects of an airport authority; or (2) deposited in a rainy day fund. Provides that any remaining distribution to a county, city, or town may be used for any purposes of the county, city, or town.

**Effective:** Upon passage; May 1, 2016.

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## Hershman

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January 5, 2016, read first time and referred to Committee on Tax & Fiscal Policy.

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Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

## SENATE BILL No. 67

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-3.5-1.1-21.2 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE UPON PASSAGE]: **Sec. 21.2. (a) As used in this**  
4 **section, "unit eligible for a supplemental distribution" means a**  
5 **county, city, or town that is eligible for an allocation of certified**  
6 **shares under IC 6-3.6-6-10.**  
7 **(b) As used in this section, "fiscal body" has the meaning set**  
8 **forth in IC 36-1-2-6.**  
9 **(c) As used in this section, "OMB" refers to the office of**  
10 **management and budget established by IC 4-3-22-3.**  
11 **(d) In addition to any supplemental distribution made in**  
12 **January 2016 to a county under section 21.1 of this chapter, the**  
13 **budget agency shall make a supplemental distribution before May**  
14 **1, 2016, to the county from the county's adjusted gross income tax**  
15 **account.**  
16 **(e) The amount of the supplemental distribution under this**  
17 **section is equal to:**



(1) the amount of the balance in the county trust account on December 31, 2014, as determined by the budget agency; minus

(2) the amount of any supplemental distribution made to the county in January 2016 under section 21.1 of this chapter.

(f) Before May 15, 2016, the OMB shall determine and provide to the county auditor an allocation of the supplemental distribution made to the county under this section. The allocation under this subsection shall be determined in the same manner as an allocation of certified shares under IC 6-3.6-6-10.

(g) Before June 1, 2016, the county auditor shall distribute to each unit eligible for a supplemental distribution an amount equal to the allocation amount for the unit as determined under subsection (f).

(h) Money distributed to a unit eligible for a supplemental distribution must be used only for purposes and as authorized in IC 6-3.6-10-9.

(i) This section expires January 1, 2017.

SECTION 2. IC 6-3.5-6-17.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17.7. (a) As used in this section, "unit eligible for a supplemental distribution" means a county, city, or town that is eligible for an allocation of certified shares under IC 6-3.6-6-10.

(b) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6.

(c) As used in this section, "OMB" refers to the office of management and budget established by IC 4-3-22-3.

(d) In addition to any supplemental distribution made in January 2016 to the county under section 17.3 of this chapter, the budget agency shall make a supplemental distribution before May 1, 2016, to the county from the county's special account.

(e) The amount of the supplemental distribution under this section is equal to:

(1) the amount of the balance in the county trust account on December 31, 2014, as determined by the budget agency; minus

(2) the amount of any supplemental distribution made to the county in January 2016 under section 17.3 of this chapter.

(f) Before May 15, 2016, the OMB shall determine and provide to the county auditor an allocation of the supplemental distribution made to the county under this section. The allocation under this



subsection shall be determined in the same manner as an allocation of certified shares under IC 6-3.6-6-10.

(g) Before June 1, 2016, the county auditor shall distribute to each unit eligible for a supplemental distribution an amount equal to the allocation amount for the unit as determined under subsection (f).

(h) Money distributed to a unit eligible for a supplemental distribution must be used only for purposes and as authorized in IC 6-3.6-10-9.

(i) This section expires January 1, 2017.

SECTION 3. IC 6-3.5-7-17.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17.4. (a) As used in this section, "unit eligible for a supplemental distribution" means a county, city, or town that is entitled to receive a certified distribution as provided under IC 6-3.6-6-9.

(b) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6.

(c) As used in this section, "OMB" refers to the office of management and budget established by IC 4-3-22-3.

(d) In addition to any supplemental distribution made in January 2016 to the county under section 17.3 of this chapter, the budget agency shall make a supplemental distribution before May 1, 2016, to the county from the county's special account.

(e) The amount of the supplemental distribution under this section is equal to:

(1) the amount of the balance in the county trust account on December 31, 2014, as determined by the budget agency; minus

(2) the amount of any supplemental distribution made to the county in January 2016 under section 17.3 of this chapter.

(f) Before May 15, 2016, the OMB shall determine and provide to the county auditor an allocation of the supplemental distribution made to the county under this section. The allocation under this subsection must be determined in the same manner as an allocation of certified distributions under IC 6-3.6-6-9.

(g) Before June 1, 2016, the county auditor shall distribute to each unit eligible for a supplemental distribution an amount equal to the allocation amount determined under subsection (f).

(h) Money distributed to a unit eligible for a supplemental distribution must be used only for purposes and as authorized in IC 6-3.6-10-9.



**(i) This section expires January 1, 2017.**

SECTION 4. IC 6-3.6-10-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE MAY 1, 2016]: **Sec. 9. (a) Notwithstanding the effective dates for this article under IC 6-3.6-1, this section applies beginning after April 30, 2016.**

**(b) This section applies to a county, city, or town that receives a supplemental distribution of money under:**

**(1) IC 6-3.5-1.1-21.2 (before its expiration);**

**(2) IC 6-3.5-6-17.7 (before its expiration); or**

**(3) IC 6-3.5-7-17.4 (before its expiration).**

**(c) Money distributed to a county, city, or town under subsection (b) may be expended only upon an appropriation by the county's, city's, or town's fiscal body.**

**(d) Money received by a county, city, or town from a distribution made under IC 6-3.5-1.1-21.2 (before its expiration), IC 6-3.5-6-17.7 (before its expiration), or IC 6-3.5-7-17.4 (before its expiration) must be used by the county, city, or town as follows:**

**(1) At least seventy-five percent (75%) of the distribution must be:**

**(A) used exclusively by the county, city, or town for:**

**(i) engineering, land acquisition, construction, resurfacing, maintenance, restoration, or rehabilitation of both local and arterial road and street systems;**

**(ii) the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects;**

**(iii) any local costs required to undertake a recreational or reservoir road project under IC 8-23-5;**

**(iv) the purchase, rental, or repair of highway equipment; or**

**(v) capital projects for aviation related property or facilities, including capital projects of an airport authority established under IC 8-22-3-1; or**

**(B) deposited in the county's, city's, or town's rainy day fund established under IC 36-1-8-5.1. The money deposited in a rainy day fund under this clause may not be transferred to another fund under IC 36-1-8-5.1(g), unless the money transferred to the fund is used exclusively for purposes set forth in clause (A).**

**(2) Any remaining distribution not used or deposited by the county, city, or town under subdivision (1) may be used by the**



1            **county, city, or town for any of the purposes of the county,**  
2            **city, or town.**

3            **SECTION 5. An emergency is declared for this act.**

